

Message Text

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44

ACTION COME-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-07 AID-05 OMB-01

TRSE-00 PA-01 PRS-01 USIA-06 CIAE-00 INR-07 NSAE-00

OPIC-03 L-03 H-02 /059 W

----- 021970

P R 241256Z DEC 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 8784

INFO AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: BPRO, EG

SUBJECT: CONTRACT FOR POLYESTER PLANT SIGNED WITH FRENCH FIRM

REF: CAIRO 12942

1. TODAY LOCAL PAPERS ANNOUNCED THAT CONTRACT FOR CONSTRUCTION OF POLYESTER PLANT HAD BEEN SIGNED PREVIOUS DAY, PRESUMABLY DECEMBER 23, BY DEPUTY CHAIRMAN OF GENERAL ORGANIZATION FOR INDUSTRIALIZATION HOSSAN ABDUL FATTAH AND BY THE CHAIRMAN OF ATELIERS ROVENNAIS. CONTRACT FOR 170 MILLION FRENCH FRANCS FOR 23 THOUSAND TONS PER YEAR POLYESTER PLANT TO BE CONSTRUCTED AT KAHR EL DAWAR REQUIRES EQUIPMENT DELIVERIES TO START IN 18 MONTHS AND PRODUCTION TO START IN TWO YEARS.

2. EMBOFF CONFIRMED THAT CONTRACT HAD BEEN SIGNED AS REPORTED IN ARABIC, FRENCH AND ENGLISH PAPERS, BUT WAS TOLD BY GOFI SOURCE THAT ACTUAL SIGNING TOOK PLACE ON DEC 22.

3. COMMENT: USG HAS GIVEN STRONGEST SUPPORT POSSIBLE FOR THIS PROJECT INCLUDING OFFER OF AID FINANCING. EARLIER THIS MONTH GOE OFFICIALS HAD GIVEN US STRONG INDICATIONS THAT DECISION HAD BEEN MADE TO AWARD CONTRACT TO FRENCH, ALTHOUGH NOTHING WAS SAID IN AMBASSADOR'S TALK OF YESTERDAY WITH PRIMIN'S
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CHIEF OF CABINET THAT CONTRACT HAD ACTUALLY BEEN SIGNED OR WAS

ABOUT TO BE SIGNED SAME DAY. AS OF THIS AFTERNOON, PRIMIN'S CHIEF OF CABINET HAS NOT CALLED BACK AS PROMISED. WHILE DISAPPOINTED AND ANNOYED AT DEVIOUSNESS OF SOME MININD OFFICIALS IN DEALING WITH CHEMTEX-DUPONT AND US ON THIS SUBJECT, DUPONT REPRESENTATIVES HAVE BEEN MOST APPRECIATIVE OF EMBASSY ASSISTANCE.

4. IT IS DIFFICULT TO ESCAPE CONCLUSION AWARD WAS MADE LARGELY FOR POLITICAL PURPOSES. IN RETROSPECT, EMBASSY'S REPRESENTATIONS MAY EVEN HAVE SPEEDED UP AWARD OF CONTRAC TO FRENCH IN ORDER TO RELIEVE WHAT GOE MAY HAVE FELT WAS GROWING USG PRESSURE TO CHANGE AWARD. CHEMTEX REP FELT THAT CONTRACT NEGOTIATION COULD TAKE SEVERAL MONTHS AS MANY ISSUES REMAINED TO BE NEGOTIATED BECAUSE OF EGYPTIANS HAVE RESPONSIBILITY FOR CIVIL WORKS AND MANY DETAILS MUST BE WORKED OUT. THESE WILL PROBABLY STILL HAVE TO BE WORKED OUT AFTER SIGNING. CHEMTEX REP WAS VERY SCEPTICAL ABOUT START UP DATE FOR PLANT OPERATIONS AND GUESSED THAT 3-4 YEARS FOR START-UP IS MUCH MORE REASONABLE TARGET THAN ANNOUNCED 2 YEARS TO PRODUCTION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO12970
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750447-0039
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751212/aaaaaklh.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CAIRO 12942
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAY 2003 by WorrelSW>; APPROVED <10 JUL 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONTRACT FOR POLYESTER PLANT SIGNED WITH FRENCH FIRM
TAGS: BPRO, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006